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 FM THE SITUATION ROOM//TOHAK 45//

TO ADAMS FOR THE SECRETARY

UNCLAS VIA BLACK PATCH WH51145

TOHAK 45

JULY 2, 1975

MEMORANDUM FOR SECRETARY KISSINGER
 FROM: THE SITUATION ROOM
 SUBJECT: MORNING NEWS SUMMARY

THE BALTIMORE SUN

G. JEFFERSON PRICE REPORTS THAT PRESIDENT SULAYMAN FRANJIYAH PROCLAIMED YESTERDAY THE FORMATION OF A NEW GOVERNMENT DELICATELY DESIGNED TO BRING AN END TO THE INTERFACTIONAL FIGHTING IN LEBANON THAT HAS LEFT HUNDREDS DEAD AND WOUNDED AND THREATENED TO PLUNGE THE NATION INTO OUTRIGHT CIVIL WAR. THE PROCLAMATION ISSUED YESTERDAY AFTERNOON MARKED THE END OF EFFORTS FOR MORE THAN A MONTH BY RASHID KARAMI, A MUSLIM, TO PUT TOGETHER A COALITION CABINET WITH BROAD ENOUGH REPRESENTATION AMONG THE COUNTRY'S FEUDING POLITICAL AND RELIGIOUS FACTIONS TO RESTORE ORDER IN THIS SHATTERED CAPITAL. (A-1) PRAN SABHARWAL SAYS THAT PRIME MINISTER GANDHI LAST NIGHT ANNOUNCED NEW ECONOMIC REFORMS THAT ARE DESIGNED TO EASE THE CONDITION OF THE POOR AND GIVE RELIEF TO THE MIDDLE CLASS. THE "NEW AND DYNAMIC PLANS," AS THEY WERE CALLED BY OFFICIALS, WERE MEASURES TO CUT THROUGH THE LEGAL OBSTACLES WHICH HAD BLOCKED THE IMPLEMENTATION OF HER PARTY'S ELECTION PROGRAM, PARTICULARLY THE REQUIREMENT FOR JUDICIAL REVIEW OF THE LEGISLATION. (A-2)

ACCORDING TO FREDERIC HILL, BRITAIN'S LABOR GOVERNMENT SET A 10 PERCENT LIMIT ON WAGE INCREASES YESTERDAY AND VOWED TO BACK IT UP WITH LEGAL CONTROLS IF NECESSARY IN THE FIRST STERN ANTI-INFLATIONARY STEP SINCE ITS RETURN TO POWER LAST YEAR. A SERIES OF ECONOMIC MEASURES, SPELLING OUT THE STILL OFFICIALLY VOLUNTARY WAGE GUIDELINES AND SOME MORE PRICE CON-

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TROLS, WILL BE UNVEILED NEXT WEEK. (A-2)
HENRY TREWHITT REPORTS THAT U.S. OFFICIALS ACKNOWLEDGED U.S. PRESSURE FOR FURTHER ISRAELI COMPROMISES WITH EGYPT IN THE SINAI PENINSULA. THAT POSITION HAS EMBITTERED THE U.S.-ISRAELI RELATIONSHIP, THE SOURCES SAID, BUT A SUCCESSFUL INTERIM AGREEMENT WOULD MORE THAN OFFSET THE RISKS. THE U.S. ARGUMENT RESTS ON THE PREMISE THAT PRESIDENT SADAT HAS COMPROMISED MORE THAN PUBLIC DEBATE CONCEDES. BY INCREASINGLY ALIENATING THE SOVIET UNION AND IRRITATING HIS ARAB ALLIES, IN THE U.S. JUDGMENT, HE HAS EARNED ISRAELI CONCESSIONS. (A-4)

ACCORDING TO CHARLES CORDRY, JAMES SCHLIPSINGER SAID YESTERDAY THAT THE U.S. UNDER SOME WAR CONDITIONS MIGHT MAKE FIRST USE OF STRATEGIC NUCLEAR WEAPONS AGAINST SELECTED TARGETS IN THE SOVIET UNION. HE DESCRIBED U.S. REFUSAL TO FORSWEAR FIRST USE AS A CONSISTENT, UNCHANGED POLICY THROUGHOUT THE NUCLEAR AGE AND SAID TO DO SO WOULD BE A "SELF-DENYING ORDINANCE THAT WEAKENS DETERRENCE" OF WAR. (A-5)

A SUN EDITORIAL STATES THAT THE HOUSE OF REPRESENTATIVES COMPORTED ITSELF OUTRAGEOUSLY LAST WEEK IN SEEKING TO CUT OFF FUNDS FOR FURTHER NEGOTIATIONS ON A NEW PANAMA CANAL TREATY. NOT ONLY WAS THIS AN INTRUSION ON THE PRESIDENT'S CONSTITUTIONAL RIGHT TO MAKE TREATIES, BUT IT WAS AN AFFRONT TO HOUSE RULES AGAINST LEGISLATING ON APPROPRIATIONS BILLS. ALTHOUGH FIVE PRESIDENTS FROM TRUMAN TO FORD HAVE JUDGED IT PRUDENT TO SEEK A NEW ARRANGEMENT WITH PANAMA, LEGISLATIVE OPPOSITION HAS REMAINED FORMIDABLE. (A-18)

MARY MCGHORY LAMENTS THE FUTURE CRUISE OF THE GLOMAR EXPLORER AND RUSES, "DO YOU THINK IT IS POSSIBLE THAT THE GLOMAR EXPLORER IS REALLY JUST GOING ON A CRUISE? NO OTHER GOVERNMENT IN THE WORLD CAN ANY LONGER AFFORD AN OCEAN LINER. THE CIA, WHICH IS A GOVERNMENT UNTO ITSELF, CAN SUBSIDIZE A CRUISE, AND MAYBE THAT'S WHAT IT IS DOING, GIVING A NICE REST TO TIRED SPIES." (A-19)

THE WASHINGTON POST

AMERICAN TECHNICIANS MAY BE ASKED TO SERVE IN ANY NEW SINAI DESERT BUFFER ZONE BETWEEN ISRAELI AND EGYPTIAN ARMIES, ISRAELI NEWSPAPERS SAID TODAY. THE EXPERTS WOULD MAN EARLY WARNING ELECTRONIC OBSERVATIONS POSTS IN THE STRATEGIC MITLA AND GIDI PASSES, THE PAPERS SAID. (A-14)
JOSEPH FITCHETT SAYS THAT AS LEBANON'S NEW GOVERNMENT MOVED TO END THE DEADLIEST WEEK OF WARFARE IN BEIRUT, PREMIER RASHID KARAMI AND PALESTINIAN GUERRILLA LEADER YASIR ARAFAT AGREED YESTERDAY ON JOINT MEASURES TO OBTAIN AN EFFECTIVE CEASE-FIRE. (A-15)

AUSTRALIAN DEPUTY PRIME MINISTER CAIRNS WAS REPORTED TO BE ON THE VERGE OF RESIGNING UNDER PRESSURE FOLLOWING NEWSPAPER CHARGES THAT HIS SON AND A STAFF AIDE USED

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THEIR POSITIONS TO ARRANGE OVERSEAS LOANS THAT WERE TO BRING THEM MILLIONS OF DOLLARS IN COMMISSIONS. PRIME MINISTER WHITLAM HAS ISSUED A STATEMENT ACCUSING CAIRNS OF DELIBERATELY MISLEADING PARLIAMENT LAST MONTH IN A DISCUSSION OF HIS DEALINGS WITH A MELBOURNE BROKERAGE HOUSE. (A-16)

AN EDITORIAL SAYS THAT AMERICAN OVERREACHING AND ISRAELI OVERREACTING ARE NEEDLESSLY COMPLICATING THE QUEST FOR A SECOND INTERIM AGREEMENT BETWEEN ISRAEL AND EGYPT. IN AN UNHAPPY EXAMPLE OF THE FORMER, PRESIDENT FORD PERSONALLY COMPLAINED LAST WEEK OF AN ALLEGED ISRAELI PRESS LEAK OF ISRAEL'S OWN LATEST NEGOTIATING OFFER TO EGYPT. HIS COMPLAINT, SEEMING TO OVERLOOK THE REGULAR LEAKS FROM ONE OR ANOTHER "SENIOR AMERICAN OFFICIAL," WAS TAKEN AS A SLAP AT ISRAEL. YET THE OTHER DAY THE WRITER OF THE OFFENDING STORY REPORTED THAT IT HAD RESULTED NOT FROM A LEAK BUT FROM HIS OWN PIECING TOGETHER OF VARIOUS CLUES. ISRAELI OVERREACTION IS A DEEPER PROBLEM. THE ISRAELI PRESS, WHICH REFLECTS AND PLAYS ON THE FULL RANGE OF ANXIETIES FELT BY THE ISRAELI PEOPLE, SEIZED LAST WEEK ON THE FACT THAT MR. FORD HAD RECEIVED THE ISRAELI AMBASSADOR FOR 10 MINUTES AND CONCLUDED THAT THE PRESIDENT HAD READ HIM AN "ULTIMATUM." THE RESULTING STORIES FORECAST THE FULFILLMENT OF ISRAEL'S DARKEST NIGHTMARES OF ABANDONMENT. FORTUNATELY, MR. FORD SEEMS TO HAVE REALIZED THAT THE MORE THE ISRAELI PEOPLE ARE FRIGHTENED, THE LESS FLEXIBILITY CAN BE EXPECTED FROM ISRAELI LEADERS, WHO IN FACT HAVE BEEN MAKING SPEECHES RECENTLY TO PREPARE THEIR PUBLIC FOR SOME CONCESSIONS. SO THE PRESIDENT SAID IN AN INTERVIEW THE OTHER DAY THAT HE HAD NOT DELIVERED AN "ULTIMATUM" AND THAT HE WAS NOT TRYING TO "IMPOSE" A SETTLEMENT, AND THUS PREEMPT THE POSSIBILITY OF A NEGOTIATED SETTLEMENT, AS ISRAELIS SOMETIMES FEAR HE WILL DO. IT SEEMS THAT MR. FORD STRUCK JUST ABOUT THE RIGHT BALANCE IN HIS INTERVIEW THE OTHER DAY. (A-20)

EVANS AND NOVAK BELIEVE THAT THE ALARMING INTENSIFICATION OF MALAYSIAN JUNGLE GUERRILLA WARFARE BY COMMUNIST INSURGENTS POINTS TO THE FUTILITY OF SEEKING INTERNAL SECURITY THROUGH FRIENDSHIP WITH PEKING. MALAYSIA'S ESTABLISHING DIPLOMATIC RELATIONS WITH THE PRC HAS GREATLY INCREASED -- NOT INHIBITED -- PEKING-ORIENTED INSURGENCY. THIS SUGGESTS NOT ONLY THE TRUTH OF THE DOMINO THEORY BUT THE LIMITS OF NEUTRALIST DIPLOMACY AS PROTECTION AGAINST REVOLUTIONARY COMMUNISM. WHAT IS NEEDED HERE IS A FAR GREATER COUNTER-INSURGENCY EFFORT. (A-21) ACCORDING TO JACK ANDERSON, PRESIDENT MARCOS OFFERED A WITNESS A \$50,000 BRIBE THE OTHER DAY NOT TO TESTIFY ON CAPITOL HILL ABOUT CORRUPTION AND TYRANNY IN THE PHILIPPINES. THE WITNESS, MARCOS' FORMER PRESS CENSOR, WAS PREPARED TO TELL THE UNCENSORED STORY OF THE MARCOS REGIME TO A HOUSE INTERNATIONAL RELATIONS SUBCOMMITTEE. HE DID SO AND AT THE SAME TIME INFORMED CHAIRMAN

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FRAZER OF THE BRIBE ATTEMPT. (C-7)

THE NEW YORK TIMES

ROBERT SEMPLE REPORTS THAT BRITAIN'S CHANCELLOR OF THE EXCHEQUER, DENIS HEALEY, HAS WARNED LABOR AND MANAGEMENT THAT THE GOVERNMENT WOULD MOVE TOWARD STATUTORY CONTROLS ON INCOMES AND PRICES UNLESS THEY DEvised A VOLUNTARY PLAN LIMITING WAGE INCREASES TO TEN PERCENT. THE SURPRISE STATEMENT IN THE HOUSE OF COMMONS WAS THE STRONGEST MOVE YET TO CURB BRITAIN'S SOARING INFLATION. (1)

MARVINE HOWE WRITES THAT BRAZIL, STRIVING TO ATTAIN BIG-POWER STATUS BY THE END OF THE CENTURY, IS MODELING HER EFFORTS AFTER THE U.S. AT THE SAME TIME BRAZILIANS ARE TRYING TO KEEP THEIR DISTANCE FROM THE U.S., ESPECIALLY IN ECONOMIC DEVELOPMENT, PARTLY BECAUSE OF WHAT THEY SEE AS THE DECLINING U.S. ROLE IN WORLD LEADERSHIP. (1)

MALCOLME BROWNE DETAILS A NEW SOVIET LAW EFFECTIVE NEXT YEAR WHICH WILL TAX 30 PERCENT OF ALL MONEY SENT TO SOVIET CITIZENS FROM ABROAD. IT IS APPARENTLY AIMED AT DEPRIVING DISSIDENT GROUPS AND INDIVIDUALS, ESPECIALLY THOSE WHO ARE JOBLESS WHILE WAITING FOR PERMISSION TO EMIGRATE, OF HELP FROM FRIENDS OR RELATIVES ABROAD. (1)

DAVID ANDELMAN REPORTS THAT THAILAND'S RECOGNITION OF CHINA AND THE COMMUNIQUE WHICH FOLLOWED CAUSED LITTLE SURPRISE AMONG DIPLOMATS OF EITHER EAST OR WEST IN BANGKOK. ABOUT THE ONLY SURPRISE WAS THE HASTE WITH WHICH THE MOVE WAS ACCOMPLISHED. (3)

HENRY KAMM WRITES THAT FOR ONE REASON OR ANOTHER, SOME LAOTIANS DOUBT THAT THEY CAN ADAPT TO THE NEW LAOS BEING CREATED BY THE PROCOMMUNIST PATHET LAO. ONE HIGH OFFICIAL ESTIMATED THAT ABOUT 100,000 PEOPLE HAD LEFT LAOS SINCE THE FALL OF SAIGON. (4)

ACCORDING TO CHARLES MOHR, FOR THE HIGHLY IDEOLOGICAL NEW RULERS OF MOZAMBIQUE, THE ADVENT OF FULL INDEPENDENCE IS ONLY THE BEGINNING OF A MAJOR STRUGGLE TO IMPLANT THEIR MARXIST POLICIES AND CREATE "A NEW MAN" ON THE AFRICAN CONTINENT. FRELIMO HAS ORDERED A PURGE AND PURIFICATION OF ITS RANKS. ITS PUBLICLY OUTLINED STRATEGY INDICATES THAT THE PARTY WILL DELIBERATELY KEEP THE COUNTRY IN A SEMI-PERMANENT STATE OF POLITICAL AND PSYCHOLOGICAL TURMOIL IN AN EFFORT TO AVOID COMPLACENCY AND BACKSLIDING. (5)

JUAN DE ONIS WRITES FROM BEIRUT THAT THE BLOODSHED THERE HAS NOT BEEN ACCOMPANIED BY ANY CLEAR DEFINITION OF WHAT THE ARMED GROUPS WANT, OTHER THAN CONTROL OF THE CHRISTIAN OR MUSLEM NEIGHBORHOODS IN WHICH THEY LIVE. MR. ARAFAT DENIES THAT THE PALESTINIANS WANT TO INTERFERE IN LEBANESE INTERNAL POLITICS. BUT THE RADICAL PALESTINIAN GROUPS ARE MARXIST REVOLUTIONARIES WHO ADVOCATE THE OVERTHROW OF CAPITALISM IN THE ARAB WORLD, OF WHICH LEBANON IS AN EXAMPLE. (7)

ERIC PACE DETAILS THE SPEECHES BY ANTIGOVERNMENT LEADERS

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WHICH TOUCHED OFF MRS. GANDHI'S CRACKDOWN ON HER OPPONENTS. THE CRACKDOWN HAS ALSO BROUGHT AN END TO FREE POLITICAL DEBATE. THERE IS ANGUISHED TALK, BUT THERE IS NO MORE SPEECHMAKING AT THE RAMLILI GROUND, WHERE ORATORS FREQUENTLY ATTRACTED AUDIENCES OF HUNDREDS OF THOUSANDS. (8)

BERNARD GWERTZMAN WRITES THAT THE UNWILLINGNESS OF THE FORD ADMINISTRATION TO COMMENT ON THE OVERALL SITUATION IN INDIA WAS A CAREFULLY CONSIDERED MOVE BASED ON WHAT IS SEEN HERE AS AMERICAN NATIONAL INTERESTS. (8)

JONATHAN KANDELL REPORTS THAT THE POLITICAL CRISIS IN ARGENTINA HAS EASED SOMEWHAT AS THE GOVERNMENT AND PERONIST LABOR LEADERS AGREED TO CONTINUE NEGOTIATIONS OVER WAGE DISPUTES. (8)

CHRISTOPHER LYDON REVEALS THAT RUTH FARKAS, THE AMERICAN AMBASSADOR TO LUXEMBOURG, TOLD THE WATERGATE GRAND JURY THAT SHE WON HER DIPLOMATIC POST IN A DIRECT AND EXPLICIT EXCHANGE FOR A \$300,000 CONTRIBUTION TO THE NIXON REELECTION CAMPAIGN OF 1972. (12)

BERNARD GWERTZMAN REPORTS THAT ALEXANDER SOLZHENITSYN BITTERLY ASSAILED THE SOVIET UNION MONDAY NIGHT AND SAID THAT THE U.S. WAS BEING DUPED BY MOSCOW'S EFFORTS AT FURTHERING DETENTE. FOR DETENTE TO BE GENUINE, HE SAID IN HIS 90-MINUTE SPEECH, IT SHOULD BE DESIGNED NOT ONLY TO PREVENT WAR BUT TO PROHIBIT "VIOLENCE AGAINST FELLOW COUNTRYMEN." (14)

WILLIAM SHANNON SUGGESTS THAT GERALD FORD MAY RESEMBLE MR. TRUMAN SOMEWHAT IN HIS STYLE, BUT IN HIS POLITICS HE IS ANOTHER MCKINLEY, ANOTHER COOLIDGE. HE IS A LITTLE BROTHER OF THE RICH, A FAITHFUL SERVITOR OF THE FINANCIAL AND INDUSTRIAL INTEREST. HE HAS HUNG MR. TRUMAN'S PORTRAIT IN THE CABINET ROOM AND SOMETIMES INVOKES HIS NAME THERE. BUT IT WOULD BE A MISTAKE TO BELIEVE THAT HARRY TRUMAN'S HUMANE AND FEISTY SPIRIT LIVES AGAIN WITHIN THOSE WALLS. (33)

C.L. SULZBERGER COMMENTS ON A RECENT ARTICLE IN EASTERN EUROPE, AN AMERICAN MAGAZINE, BY THE LATE GENERAL CHARLES WILLOUGHBY IN WHICH HE CLAIMED THAT MARSHAL TITO WON ONLY PAPER VICTORIES DURING WORLD WAR II AND, BUT FOR THE BRITISH AND THE AMERICANS, COULD EASILY HAVE BEEN WIPED OUT BY CROATIAN MILITARY FORCES. NO IMPARTIAL OBSERVER CAN DENY THAT WHATEVER ELSE HE HAS ACCOMPLISHED, TITO'S PRIMORDIAL ACHIEVEMENT WAS THE REBUILDING OF YUGOSLAVIA. HAD GENERAL WILLOUGHBY BEEN PRIVY TO EVEN THE MOST ELEMENTARY INFORMATION CONCERNING THE SUBJECTS HE DISCUSSES, HE WOULD HAVE REALIZED THE ONLY COUNTRY HE MIGHT CONCEIVABLY BE AIDING WAS RUSSIA, HIS SPECIAL BETE NOIRE. FOR WHEN TITO DIES, THERE WILL BE AT LEAST SOME ATTEMPTS BY PRO-SOVIET AGENTS TO DISRUPT YUGOSLAVIA BY DIVIDING IT -- IN ORDER TO RULE IT FROM MOSCOW. (33)

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